

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 91-342-G - ORDER NO. 92-821 ✓
SEPTEMBER 21, 1992

IN RE: Application of South Carolina Electric)	ORDER
& Gas Company for Approval of Weather)	APPROVING
Normalization Adjustment and for Elimin-)	CONTINUED
ation of Certain Rate Schedules.)	OPERATION OF
)	THE WEATHER
)	NORMALIZATION
)	ADJUSTMENT

This matter comes before the Public Service Commission of South Carolina (the Commission) for annual review of South Carolina Electric & Gas Company's (SCE&G's or the Company's) Weather Normalization Adjustment (WNA). Annual review of the WNA was provided for by our Order No. 91-971, dated November 1, 1991.

After examinations of filings by the Commission Staff, the Company, and the Consumer Advocate for the State of South Carolina (the Consumer Advocate), and after a review of the record as a whole, the Commission concludes that the continued operation of the WNA is appropriate, as modified below.

A comparison of revenues between a hypothetical gas rate increase using 12.25% rate of return on equity and the WNA as shown during the last winter heating season is revealing. A comparison of the revenues for the winter months November to April indicates that \$8,032,118 would have been collected through rate

case rates, as compared to WNA revenues of \$5,064,413. See Commission Staff Exhibits. In addition, an additional \$1,738,901 would have been collected under the rate case rates, since those rates would have also been effective during the summer months. The WNA is not in effect during the summer months. The Staff Report demonstrates that the total revenues collected under a rate case scenario would have been \$9,771,019, versus the revenues actually collected under the WNA of \$5,064,413. Therefore, the employment of the WNA by SCE&G actually saved ratepayers a total of \$4,706,606. We believe that this justifies continuation of the WNA for another year, with certain modifications.

First, complaints were received from customers about the fact that the WNA factors for each billing cycle were not exactly aligned with each meter reading date prescribed by the Company. This caused confusion among SCE&G's customers. For this reason, we believe that WNA factors for each billing cycle should be aligned by the Company with each meter reading date to minimize confusion.

Second, questions were presented about non-temperature sensitive volumes. After a review of the record, it became apparent that the Company needs to make adjustment for and establish non-temperature sensitive base volumes for each customer, since the present WNA methodology assumes the same base non-temperature use for all customers in each rate class. These base volumes should be based on average usages for the months of June, July and August, as suggested by the Company in its letter

of September 14, 1992 (the "Alegasco" method). In the event of a new customer, or where no consumption occurs during these months, the base shall be established at 12 therms for residential customers and 99 therms for commercial customers as per the Company application in this matter at Exhibit D. We believe this would give better recognition to non-temperature sensitive volumes of gas, and, therefore, adopt this method.

Further, it became obvious during the initial heating season that further educational efforts need to be established for both SCE&G Customer Representatives, and for SCE&G's gas customers in general. Confusion was evident, as shown by the complaints and inquiries made to the Commission Consumer Services Department and to the Consumer Advocate. Therefore, we hereby order that SCE&G implement further training for Company representatives that answer questions about the WNA. Also, SCE&G must develop further education programs for their customers affected by the WNA, so as to attempt to minimize the confusion that obviously resulted over the past heating season.

The Consumer Advocate requests a public hearing, so that comments may be taken by the public on the WNA. We have examined the evidence and believe, at this time, that it is the better practice to examine the possibility of having a hearing at the end of the second heating season in which the WNA was employed, thereby allowing more data to be accumulated prior to having a public hearing.

The Consumer Advocate also questions the rate of return on

equity allowed SCE&G for its gas operations in light of what it terms decreased risks because of the WNA. The position of the Commission at this time is that the rate of return on equity will not be modified. The Commission, however, will monitor the rate of return on equity, and if market and economic conditions dictate, may examine modification of the presently granted rate of return on equity of 12.25%.

The Company has proposed a new bill form for its gas customers, which would identify the individual customer non-temperature sensitive bases, and also, the specific WNA factor for the customer, but will not include the WNA as a line item. In the opinion of the Commission, the bill form presently employed creates much customer confusion with regard to the WNA, and, therefore, we believe that the suggestion of the Company to include only non-temperature sensitive bases and a WNA factor is reasonable. The Company shall therefore employ bills, such as the sample bill form found in the reply comments of SCE&G, dated September 14, 1992, as described above.

IT IS THEREFORE ORDERED THAT:

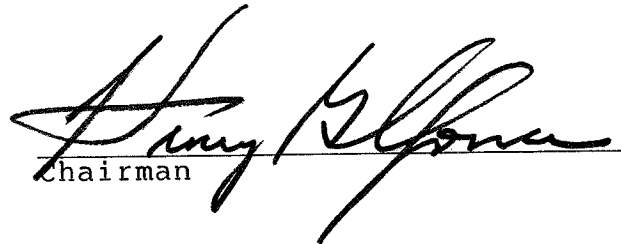
1. The operation of the Weather Normalization Adjustment by South Carolina Electric & Gas Company is hereby continued for a one year period with the modifications as listed above.
2. That the Commission shall re-examine and review the Weather Normalization Adjustment after the next heating season.
3. That the Company file, within fifteen (15) days from the date of this Order, tariff revisions reflecting the modifications

to the WNA herein ordered.

4. That SCE&G develop further education programs for their customers affected by the WNA, after consultation with the Commission Staff and the Consumer Advocate, said program to be implemented, if possible, before the winter heating season begins, but no later than the first gas billings in November.

5. That this Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:


Chairman

ATTEST:


Executive Director

(SEAL)